

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03 NSAE-00

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COME-00 OMB-01 TRSE-00 INT-08 FEA-02 CIEP-02 DRC-01

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P 261137Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9535

INFO DOD WASHDC PRIORITY

CINCPAC HONOLULU HI PRIORITY

COMUSJAPAN FUCHU JAPAN PRIORITY

CG USARG ZAMA JAPAN PRIORITY

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E.O. 11652: NA

TAGS: ENRG PFOR JA MARR

SUBJ: FUEL PROCUREMENT IN JAPAN FOR US FORCES: PRESS GUIDANCE

REF: STATE 11205 DTG 172333Z JAN 74

SUMMARY: GOJ HAS AGREED TO PERMIT US FORCES TO CONTINUE TO OBTAIN FUEL FROM JAPANESE SOURCES IN SELECT CASES SINCE AMOUNTS INVOLVED ARE MORE THAN OFFSET BY FUEL PROVIDED BY US FORCES TO JASDF. INSTEAD OF MAKING PUBLIC ANNOUNCEMENT, GOJ PLANS TO INFORM PUBLIC ABOUT CESSATION OF USFJ PROCUREMENT THROUGH RESPONSES IN DIET, POSSIBLE AS EARLY AS JANUARY 28. EMBASSY HAS PROVIDED Q'S AND A'S TO FONOFF. END SUMMARY.

1. GOJ HAS ACCEPTED US PROPOSALS IN PARA TWO REFTTEL, I.E. HAVE US FORCES CONTINUE TO DRAW ON JAPANESE SOURCES FOR PETROLEUM PRODUCTS IN SPECIAL CASES. THESE CONSIST OF CONTRACTS FOR:

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LUBE OIL WITH ASIA OIL (CONTRACT NO. D-0913).

KEROSENE WITH EXXON (D-0923 AND D-0806).
MOGAS AND DIESEL OIL WITH NIPPON OIL (D-0992).
ALTHOUGH NOT SPECIFICALLY INSTRUCTED, EMBOFF SAID
US WOULD LIKE TO CONTINUE PRESENT ARRANGEMENTS FOR
THESE ITEMS AFTER EXPIRATION OF
EXISTING CONTRACTS BETWEEN MARCH AND JUNE 1974. HE
EXPLAINED THAT LUBE OIL NEEDED IN BULK FORM,
KEROSENE IS NOT NORMAL MILITARY SUPPLY ITEM, AND
CONTRACT SIMILAR TO THAT WITH NIPPON OIL REQUIRED TO
SUPPLY ISOLATED POSTS.

2. VALUE OF FOREGOING ITEMS IS ABOUT \$47,593
PER MONTH. IT IS MORE THAN OFFSET BY US SUPPLY OF
JET FUEL AND AVGAS TO SELF DEFENSE FORCES AT
MISAWA, ATSUGI, AND IWAKUNI. IN 1973, THESE
AMOUNTED TO 438,000 GALS VALUED AT \$70,611 PER MONTH,
EXCLUSIVE OF SERVICE CHARGES. BECAUSE OF THIS IMBALANCE
IN US FAVOR, AND GOJ DESIRE NOT TO JEOPARDIZE 20 YEAR
PRACTICE OF OBTAINING FUEL AT JOINT-USE FACILITIES
THROUGH US SUPPLY CHANNELS, GOJ AGREED TO US PROPOSALS
IN PARA ONE ABOVE DESPITE SOME INITIAL RESISTANCE.

3. GOJ HAS NOW DECIDED NOT TO MAKE PUBLIC ANNOUNCEMENT
OF US HALT IN FUEL PROCUREMENT, MAINLY BECAUSE OF
DIFFICULTY IN EXPLAINING FOREGOING ARRANGEMENTS AND
CONSIDERATIONS. THIS IS PARTICULARLY TRUE WITH REGARD TO
JSDF RECEIPT OF TAX-FREE FUEL FROM US. GOJ WILL, THEREFORE,
INFORM PUBLIC IN LOW KEY AT FIRST OPPORTUNITY, SUCH AS RESPONSE
TO DIET QUERY. THIS COULD COME AS EARLY
AS MORNING JANUARY 28 DURING FIRST SESSION OF BUDGET
COMMITTEE.

4. FONOFF HAS ACCEPTED EMBASSY TEXT OF Q'S AND A'S
ON THIS SUBJECT AS FOLLOWS:

Q: IN LATE DECEMBER 1973, THE US EMBASSY INFORMED
THE FOREIGN MINISTRY THAT THE US FORCES WOULD HALT
PROCUREMENT OF OIL SUPPLIES FROM JAPANESE SOURCES WHEN
ALTERNATE ARRANGEMENTS HAVE BEEN MADE. HAVE THERE BEEN
ANY LATER DEVELOPMENTS ON THIS MATTER?
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A: YES. ON JANUARY 18, THE US EMBASSY INFORMED
THE JAPANESE GOVT THAT THE UNITED STATES HAS MADE
ALTERNATE ARRANGEMENTS AND WILL HALT VIRTUALLY ALL
PROCUREMENT OF OIL FROM JAPANESE SOURCES EFFECTIVE
JANUARY 20.

Q: DOES THIS MEAN THAT THE US FORCES WILL CONTINUE

TO OBTAIN SOME SUPPLIES FROM JAPANESE SOURCES?

A: IN PRINCIPLE, NO. IN SOME INSTANCES WITH RESPECT TO ISOLATED FACILITIES AND SMALL AMOUNTS OF SPECIAL PETROLEUM PRODUCTS, THE US FORCES WILL CONTINUE TO RELY UPON THE JAPANESE MARKET. HOWEVER, THE US FORCES WILL OFFSET SUCH AMOUNTS WITH SUPPLIES FROM US FUEL DEPOTS IN JAPAN REPLENISHED FROM NON-JAPANESE SOURCES.

Q: HOW WILL THE US FORCES OFFSET FUEL SUPPLIES OBTAINED FROM JAPANESE SOURCES?

A: THE US FORCES WILL CONTINUE TO RELY ON JAPANESE SOURCES TO SUPPLY AND DELIVER SMALL AMOUNTS OF FOUR PETROLEUM PRODUCTS: DIESEL OIL, GASOLENE, KEROSENE, AND SHIP LUBRICATION OIL. TO MAKE UP FOR THESE ITEMS OBTAINED FROM THE JAPANESE MARKET, THE UNITED STATES WILL PROVIDE JAPAN WITH PETROLEUM PRODUCTS, SUCH AS AVIATION GASOLENE AND JET FUEL, FROM ITS FUEL DEPOTS IN JAPAN WHICH ARE REPLENISHED FROM SOURCES OUTSIDE JAPAN.

Q: WILL JAPANESE FIRMS CONTINUE TO DELIVER FUEL PRODUCTS TO US FACILITIES?

A: YES. WHILE THE US FORCES WILL OBTAIN VIRTUALLY ALL OF THEIR FUEL REQUIREMENTS FROM SOURCES OUTSIDE JAPAN, THEY WILL CONTINUE TO RELY ON JAPANESE CONTRACTORS USING THEIR OWN EQUIPMENT--BARGES, TANK TRUCKS, AND RAILWAY TANK CARS--TO DELIVER FUEL TO US FACILITIES WITHIN JAPAN. END TEXT.

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5. IN ACCORDANCE GOJ REQUEST, ADDRESSEES ARE ASKED TO WITHHOLD PUBLIC COMMENT UNTIL AFTER GOJ STATEMENTS TO DIET OR PRESS ALONG LINES OF FOREGOING PARAGRAPH. SHOESMITH

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